

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12863
ORDER NO. R-11793**

**APPLICATION OF MATADOR E&P COMPANY FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 30, 2002, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 3rd day of July, 2002, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Matador E&P Co., ("Applicant"), seeks an order pooling all uncommitted mineral interests from the surface to the base of the Tubb formation underlying the N/2 NE/4 of Section 4, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, in the following manner:

The N/2 NE/4, forming a standard 80-acre oil spacing and proration unit (the "Unit") for all formations or pools spaced on 80 acres within this vertical extent, which presently include, but are not necessarily limited to, the Monument-Tubb Pool.

(3) The above-described unit (the Unit) is to be dedicated to Applicant's proposed Cooper 4 Well No. 2 to be drilled at a standard oil well location within the NE/4 NE/4 (Unit A) of Section 4. The proposed location of the well is 925 feet from the North line and 750 feet from the East line of Section 4. The Unit may also be

subsequently dedicated to a well to be drilled in the NW/4 NE/4 (Unit B) of said Section 4.

(4) Two or more separately owned tracts are embraced within the Unit. There are royalty interests in one or more tracts included in the Unit that are separately owned.

(5) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill its Cooper 4 Well No. 2 (the "proposed well") to a common source of supply at a standard well location within the NE/4 NE/4 of Section 4.

(6) The entire working interest in the Unit has been voluntarily pooled. However, there are royalty owners in the proposed unit that have not agreed to pool their interests, and the subject oil and gas leases do not authorize the owners of the working interest to pool the royalty interests reserved in those leases without the consent of the royalty owners.

(7) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(8) Pursuant to the request of Applicant, Matador Operating Company should be designated the operator of the proposed well and of the Unit.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Matador E&P Co., all uncommitted interests, whatever they may be, in the oil and gas from the surface to the base of the Tubb formation underlying the N/2 NE/4 of Section 4, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, are hereby pooled, as follows:

The N/2 NE/4, forming a standard 80-acre oil spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent which presently include but are not necessarily limited to the Monument-Tubb Pool.

The Unit shall be dedicated to Applicant's Cooper 4 Well No. 2, to be drilled at a standard oil well location within the NE/4 NE/4 (Unit A) of Section 4, 925 feet from the North line and 750 feet from the East line of said Section. The Operator may also dedicate the Unit to any other well it may subsequently drill to which the Unit could be dedicated if voluntarily pooled.

(2) The operator of the Unit shall commence drilling the proposed well on or before October 31, 2002, and shall thereafter continue drilling the well with due diligence to test the Tubb formation.

(3) In the event the operator does not commence drilling the proposed well on or before October 31, 2002, Ordering Paragraph (1) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause.

(4) Should the proposed well not be drilled to completion, or be abandoned, within 120 days after commencement thereof, the operator shall appear before the Division Director and show cause why Ordering Paragraph (1) should not be rescinded.

(5) Pursuant to the request of Applicant, Matador Operating Company is hereby designated the operator of the proposed well and of the Unit.

(6) All proceeds from production from the well that are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The operator shall notify the Division of the name and address of the escrow agent within 30 days from the date of first deposit with the escrow agent.

(7) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(8) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(9) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

SEAL